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AMEMBASSY BEIJING
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AMEMBASSY LONDON
AMEMBASSY NEW DELHI
AMEMBASSY PARIS
AMEMBASSY SEOUL
AMEMBASSY TOKYO
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AMCONSUL SAO PAULO
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C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 000576

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SUBJECT: THAI/BURMESE RELATIONS - MAUNG AYE'S VISIT AND
OTHER ISSUES

REF: (A) BANGKOK 2907 (B) BANGKOK 3147 (C) RANGOON 574

CLASSIFIED BY: CDA PRISCILLA CLAPP. REASON: 1.5 (D).

11. (C) SUMMARY: THE THAI GOVERNMENT WAS PLEASED WITH BURMESE ARMY COMMANDER MAUNG AYE'S VISIT. ACCORDING TO THE THAI EMBASSY'S POLITICAL COUNSELOR, THE THAI GOVERNMENT NOW SEES HIM AS A "PRAGMATIC" MAN OF RISING INFLUENCE IN BURMA WITH WHOM THEY MAY BE ABLE TO WORK SUCCESSFULLY. WHILE IN THAILAND, MAUNG AYE MET WITH THE KING, PRIME MINISTER THAKSIN AND DEFENSE MINISTER CHAVALIT. HE ALSO PROMISED TO IMPROVE COUNTER-NARCOTICS COOPERATION, TO RESTRICT THE ACTIVITIES OF THE UNITED WA STATE ARMY'S HONG PANG COMPANY AND TO ESTABLISH TWO NEW TOWNSHIP BORDER COMMITTEES. IN ADDITION, HE PUT THE FINAL TOUCHES ON A NEW FISHERIES JOINT VENTURE AGREEMENT WHICH WILL REPORTEDLY BE SIGNED IN RANGOON THIS WEEK. ON THE OTHER HAND, MAUNG AYE DID NOT RESPOND TO THE MESSAGE CONVEYED BY THAI FOREIGN MINISTER SURARKIART TO SECRETARY 1 KHIN NYUNT IN EARLY APRIL REGARDING PROPOSALS FROM THE SHAN STATE ARMY FOR TALKS, THOUGH THE CURRENT QUIET ON THE BORDER HAS SUGGESTED TO SOME WITHIN THE THAI GOVERNMENT THAT TALKS MAY HAVE ALREADY STARTED. END SUMMARY.

12. (C) MAUNG AYE AND KHIN NYUNT: THE THAI EMBASSY'S POLITICAL COUNSELOR, KALLAYANA VIPATTIPUMIPRATES, TOLD POLOFF MAY 2 THAT THE RECENT VISIT BY BURMESE ARMY COMMANDER MAUNG AYE TO THAILAND HAD GONE WELL. MAUNG AYE, HE SAID, WAS NOW A FIGURE OF MAJOR INTEREST TO THE THAIS. MANY FELT THAT MAUNG AYE'S POSITION WITHIN THE GOB WAS ENHANCED AND KHIN NYUNT'S DIMINISHED BY EVENTS IN MARCH, INCLUDING THE ARREST OF THE FAMILY OF KHIN NYUNT'S MENTOR AND PATRON. KHIN NYUNT, HE SAID, STILL SEEMED TO BE FIRMLY IN CONTROL OF FOREIGN POLICY AND THE MILITARY'S INTELLIGENCE NETWORK. HOWEVER, THERE WERE SIGNS THAT HE NO LONGER HAD A FREE HAND IN DEALING WITH BORDER ISSUES AND BURMA'S MANY ETHNIC GROUPS. SEVERAL GROUPS CLOSELY ASSOCIATED WITH KHIN NYUNT, INCLUDING SOME CEASEFIRE GROUPS AND SOME ETHNIC CHURCH GROUPS (THE KACHIN BAPTIST CONVENTION), HAD RECENTLY COME UNDER PRESSURE, KALLAYANA SAID.

13. (C) MAUNG AYE, MEANWHILE, WAS A MYSTERY MAN FOR THE THAIS -- THE SUBJECT OF MANY CONTRADICTORY REPORTS REGARDING HIS FEELINGS TOWARDS THAILAND AND HIS PROFESSIONAL COMPETENCE. AFTER MEETINGS BETWEEN MAUNG AYE AND THE KING, THE PRIME MINISTER (ON FOUR SEPARATE OCCASIONS) AND DEFENSE MINISTER CHAVALIT, HOWEVER, THE THAIS HAD COME AWAY WITH THE IMPRESSION THAT MAUNG AYE WAS "A PRAGMATIC MAN" WHO WAS "NOT NECESSARILY HOSTILE TO THAILAND."

14. (C) ETHNIC GROUPS: KALLAYANA SAID THAT THE THAIS HAD EXPECTED MAUNG AYE TO RESPOND TO THE MESSAGE REGARDING TALKS WITH THE SHAN STATE ARMY WHICH THAI FOREIGN MINISTER SURAKIART HAD RELAYED TO KHIN NYUNT IN EARLY APRIL (REFTEL A). THAT MESSAGE BASICALLY STATED THAT THE SHAN STATE ARMY WAS READY FOR TALKS, BUT WOULD ONLY ACCEPT TERMS COMPARABLE TO THOSE GIVEN THE WA, WHICH WOULD LEAVE THEM IN CONTROL OF THEIR OWN CEASEFIRE AREA. MAUNG AYE, HOWEVER, SAID NOTHING ABOUT THE MATTER AT ALL. THIS LED THE THAIS TO CONCLUDE, KALLAYANA SAID, THAT THE BURMESE HAD EITHER DISMISSED THE SHAN STATE ARMY'S PROPOSED TERMS AS COMPLETELY UNACCEPTABLE, OR HAD ALREADY ESTABLISHED A BASIS FOR TALKS WITH THE SHAN STATE ARMY WITHOUT THAI HELP. IN ANY CASE, KALLAYANA NOTED, THE NORTHERN BORDER THIS YEAR WAS FAR QUIETER THAN IT HAD BEEN FOR SOME TIME.

15. (C) KALLAYANA ALSO SAID THAT THE THAI GOVERNMENT HAD BEEN IN TOUCH WITH THE KAREN NATIONAL UNION'S FORMER CHAIRMAN BO MYA WHILE HE WAS HOSPITALIZED IN BANGKOK. THE KNU, HE SAID, WAS GROWING WEAKER AND WEAKER, AND BO MYA BELIEVED THAT IT WAS TIME TO STRIKE A DEAL WITH THE BURMESE.

16. (C) BORDER INCIDENTS: KALLAYANA SAID THAT THE MOST RECENT BORDER INCIDENT, WHICH ERUPTED LAST WEEK WHEN UNITS FROM THE THAI THIRD ARMY TOOK PRISONER THE SON OF THE COMMANDER OF THE WA'S 171ST BRIGADE, WOULD PROBABLY BE RESOLVED WITHIN DAYS. THIRD ARMY COMMANDER UDOMCHAI, HE SAID, WAS JUST TRYING TO TEACH THE WA A LESSON. UDOMCHAI HAD BEEN PERSONALLY EMBARRASSED BY A WA ATTACK THAT HAD FORCED CANCELLATION OF A VISIT BY THE THAI QUEEN TO HIS AREA, AND HAD BEEN LOOKING FOR WAYS EVER SINCE TO PAY THE WA BACK. KALLAYANA SAID THAT HE EXPECTED BORDER INCIDENTS LIKE THIS MOST RECENT ONE TO CONTINUE, GIVEN UDOMCHAI'S ANGER, BUT EMPHASIZED THAT THEY DID NOT REFLECT THAI GOVERNMENT POLICY AND WOULD NOT INTERRUPT THE GENERAL IMPROVEMENT IN THAI/BURMESE RELATIONS.

17. (C) NARCOTICS COOPERATION: PM THAKSIN TOLD MAUNG AYE THAT THERE NEEDED TO BE GREATER COOPERATION BETWEEN THE THAI OFFICE OF THE NARCOTICS CONTROL BOARD AND THE BURMESE CENTRAL COMMITTEE FOR DRUG ABUSE CONTROL IN SHARING INTELLIGENCE AND CARRYING OUT JOINT OPERATIONS. MAUNG AYE AND BURMESE HOME MINISTER TIN HLAING, WHO SAT IN ON THE MEETING, AGREED. THAKSIN ALSO COMPLAINED ABOUT THE ACTIVITIES OF THE HONG PANG COMPANY, WHICH IS THE HOLDING COMPANY FOR MOST OF THE WA COMMERCIAL INVESTMENTS, AND RECEIVED A COMMITMENT FROM MAUNG AYE THAT THE HONG PANG COMPANY WOULD BE SHUT DOWN "WITHIN TWO WEEKS." MOREOVER, ACCORDING TO KALLAYANA, THAI INTELLIGENCE REPORTS INDICATE THAT THE COMPANY'S BRANCHES ON THE BORDER ARE INDEED BEING SHUT DOWN.

18. (C) ILLEGAL IMMIGRANTS: KALLAYANA SAID THAT 2,860 ILLEGAL BURMESE IMMIGRANTS HAD BEEN RETURNED TO BURMA AS OF APRIL 30. ANOTHER 20,000 WERE IN HOLDING CAMPS IN THAILAND. HE NOTED THAT THE THAIS WERE PRESSING FOR QUICKER REPATRIATIONS AND HAD ASKED THE BURMESE TO OPEN TWO ADDITIONAL RECEIVING CENTERS AT KAWTHOUNG AND TACHILEIK, IN ADDITION TO MYAWADDY. HE ALSO SAID THAT THE THAIS HAD AGREED TO SCREEN RETURNEES FOR HIV/AIDS, BUT HAD MADE NO COMMITMENTS REGARDING SHARING THE TREATMENT COSTS FOR THE MANY BURMESE WHO MAY HAVE CONTRACTED AIDS IN THAILAND. HE ALSO SAID THAT THAILAND HAD RAISED WITH THE BURMESE THE POSSIBILITY OF INVOLVING THE INTERNATIONAL ORGANIZATION FOR MIGRATION (IOM) IN THE REPATRIATION EXERCISE, BUT SAID THAT THE BURMESE HAD NOT YET REPLIED TO THAT PROPOSAL.

19. (C) BORDER DEMARKATION AND CONTROL: THERE HAD BEEN NO FURTHER PROGRESS ON BORDER DEMARKATION, KALLAYANA SAID, BUT PM THAKSIN HAD ASKED MAUNG AYE TO OPEN TWO NEW TOWNSHIP BORDER COMMITTEES IN THE KANCHANBURI AND THREE PAGODAS PASS AREAS. HE ALSO PROPOSED THAT THE TOWNSHIP BORDER COMMITTEES REMAIN PERMANENTLY IN SESSION TO HANDLE ANY DISPUTES THAT DID EMERGE. MAUNG AYE REPORTEDLY AGREED TO BOTH PROPOSALS.

110. (C) FISHERIES: THE FINAL DETAILS OF THE GIANT FISHERIES JOINT VENTURE WHICH THE THAIS AND THE BURMESE HAVE BEEN NEGOTIATING SINCE THAKSIN'S JUNE 2001 VISIT WERE REPORTEDLY WORKED OUT DURING MAUNG AYE'S VISIT. THE AGREEMENT WILL

REPORTEDLY BE SIGNED THIS WEEK IN RANGOON AND THE FIRST OPERATIONS SHOULD START SHORTLY THEREAFTER.

COMMENT

¶11. (C) THREE POINTS ARE WORTH NOTING HERE. FIRST, THE THAI/BURMESE RECONCILIATION THAT BEGAN LAST SPRING IS STILL MOVING FORWARD. THE TWO COUNTRIES SEEM AS DETERMINED NOW AS THEN TO ROOT OUT THE PROBLEMS -- FROM ILLEGAL MIGRATION TO NARCOTICS TRAFFICKING AND SUPPORT FOR INSURGENT GROUPS -- THAT HAVE PLAGUED THEIR RELATIONS FOR THE PAST SEVERAL DECADES. MUCH MORE NEEDS TO BE DONE, BUT THEY ARE STILL WORKING ON THE ISSUES.

¶12. (C) SECONDLY, THE THAIS ARE PROBABLY RIGHT TO PAY MORE ATTENTION TO MAUNG AYE, THOUGH THEY MAY BE OVER-EMPHASIZING THE DEGREE TO WHICH MAUNG AYE'S STAR HAS RISEN IN RECENT WEEKS. CERTAINLY MAUNG AYE APPEARS TO HAVE GAINED FROM THE NOVEMBER RE-ORGANIZATION OF THE REGIONAL COMMANDS, WHICH ALLOWED HIM TO PLACE OFFICERS HE TRUSTED IN MAJOR COMMAND POSITIONS. HOWEVER, HIS GREATER INFLUENCE ON BORDER ISSUES, PARTICULARLY ISSUES AFFECTING THE ETHNIC AND CEASEFIRE GROUPS, MAY SIMPLY REFLECT A GROWING FEELING WITHIN THE GOVERNMENT THAT RELATIONS WITH THESE GROUPS ON THE BORDER ARE A SECURITY MATTER FOR THE ARMY. AS SUCH, THEY MAY NOW BE CONSIDERED MORE PART OF MAUNG AYE'S PORTFOLIO, RATHER THAN KHIN NYUNT'S.

¶13. (C) FINALLY, MAUNG AYE'S COMMITMENT REGARDING THE SHUTDOWN OF THE HONG PANG COMPANY WILL HAVE TO BE WATCHED CLOSELY. THAT COMPANY NOW HOLDS MOST OF THE UNITED WA STATE ARMY'S COMMERCIAL INVESTMENTS, AND IS HEAVILY INVOLVED IN A NUMBER OF LARGE CAPITAL PROJECTS. IT IS HARD TO BELIEVE THAT THE WA WOULD SIMPLY WRAP IT UP ON ORDERS FROM THE BURMESE. MORE LIKELY, THEY WILL SIMPLY MOVE ITS OPERATIONS OFF THE BORDER. IN FACT, LABOR MINISTER TIN WINN CONFIRMED TO THE CHARGE' ON MAY 6 (REFTEL C) THAT SOME HONG PANG BRANCH OFFICES IN TACHILEIK AND AND OTHER BORDER TOWNS WERE BEING CLOSED. FURTHERMORE, EVEN IF THE COMPANY IS LIQUIDATED, IT COULD RE-EMERGE UNDER ANOTHER NAME. THE WA NEED SOME VEHICLE TO HOLD THEIR INVESTMENTS AND LIKELY WILL RESPOND TO ANY PRESSURE FROM THE BURMESE WITH CHANGES THAT ARE AT BEST COSMETIC. END SUMMARY.

CLAPP